Overview of course

The course covers various topics in Advanced Microeconomics. Examples of topics and papers that we shall cover are

1. **Optimal stopping theory**
   
   with applications to Venture Capital and firm personnel policies

   *Easley and Kiefer “Controlling a Stochastic process with Unknown Parameters.”*  

2. **Asset pricing theory**
   
   with applications to financial bubbles

   Grossman & Shiller “…Variability of Stock-Mkt Prices.” *AEA P&P* ’81  


3. **Unemployment theory**

   Shapiro & Stiglitz “Unemployment as a discipline device.” *AER* 84  
The course will stress (a) intuition, not rigor (b) the formulation (i.e., modeling) of economic problems rather than their solution or computation, although the homework problems will require some of that too.

There is no textbook. Rather, there will be a limited number of assigned readings, such as the papers listed above. Some background material is in


But other books are almost as good, and it is not required. The tools used will include conditional probability, Markov processes and Bellman equations.

Course requirements are weekly problem sets and a closed-book final exam.